

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

CASE NO. 09-10239-RGS

DEBORAH J. KAUFMANN	)
Plaintiff	)
	)
V.	)
	)
PRUDENTIAL INSURANCE COMPANY	)
OF AMERICA	)
Defendant	)

EXHIBIT B

## Group Insurance

### **GROUP INSURANCE MISSION STATEMENT**

We will develop benefit solutions that help our clients, attract and retain employees and members. We are committed to building profitable long term relationships with clients, employees, members, and their families by using Prudential's capabilities to provide solutions that meet more of their changing protection needs.

### **GROUP INSURANCE GOALS**

1. **Increase Profitability.** This goal will be of paramount importance as we need to improve our profits and return on equity. We will on average require moderate price increases on new and renewal business in all market segments.
2. **Provide Outstanding Customer Service.** Incomparable customer service needs to be our trademark and our point of differentiation from the competition. Outstanding customer service will demonstrate our value proposition to our customers and allow us to more effectively support our profitability strategy.
3. **Generate Disciplined Growth.** Growth of our business remains a key objective. We will strive for slightly lower growth targets than in recent years, but still aim for above average market growth in the 8-9% range.
4. **Manage our Human Resources Effectively.** We need to create a performance-driven culture which instills accountability for results throughout the organization. An even greater commitment to training and development for associates needs to be made to ensure our capability to flawlessly execute our jobs.

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EXHIBIT C

# Prudential's Philosophy

- Intervene early, before:
  - Employee leaves workplace
  - Elimination period is over
  - Clients incur costs for replacement workers
  - Illness or injury turns into a disability
- Work is an integral part of life.
- Disability is the failure to adapt.
- Disability management is based on:
  - fostering communication.
  - forming partnerships.
  - removing barriers.

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EXHIBIT D

## History of Prudential's Disability Products

Prudential Disability Management Services provides disability coverage to employer, association and union groups. Some time ago, increases in claim costs forced Prudential to look at its claims experience and disability products.

In January 1990, Disability Management Services (DMS) analyzed losses on claims beginning with one specific client's LTD contract. In addition to increases in claim submission associated with recession, we found that 25% of the client's claims were for mental and nervous illnesses, most often stress. In 70% of a sample of 100 claims it was not possible to tell if an appropriate specialist was caring for the claimant, if signs and symptoms supported diagnoses, and if there was an appropriate treatment plan. In 95% of claims in every diagnostic category, disability status was not clearly supported. Even when medical treatment seemed appropriate, providers failed to differentiate *illness* from *disability* or deal with adaptive problems that led to, or worsened illness and disability. In most claims it was not clear if the employer would allow the employee back to work when recovered. At times, disability status appeared to be influenced by workplace or supervisory problems.

In addition, as technology was progressing, the face of disability was changing. There were fewer people out of work due to physical conditions and more people that were on disability due to chronic conditions. We realized that the work people were doing was very different than 20 years ago. The main reason for this was the advent of technology.

After reviewing claims from a wide variety of clients, it appeared that the meaning of disability had changed from the historic concept of compensation for a sick or injured worker to prolonged support for individuals with *complex adaptive problems*. Employers and medical providers expressed frustration with employees who claimed disability long after the expected duration of their illness. Prudential's philosophy of disability shifted to looking at an individual's ability to function and their adaptation to a disability or illness as opposed to simply the diagnosis and a treating physician's recommendation. Other issues in addition to the diagnosis, such as psycho-social issues, secondary gain issues, etc. became part of the claim evaluation. The administration of Prudential's Group Disability product evolved from claim payment to claim management with a focus on the individual's ability to function and return to work planning.

Disability Management Services has expanded its resources over time to include vocational specialists and a clinical staff comprised of Doctors, specialists and Clinicians. In addition, DMS has arranged its claim staff in specialized claim units where possible to streamline workflow, such as the Appeal Review Unit as well as an Adjustment Team.

## **Group Disability Products**

### **Product Fundamentals**

Many people have car insurance and homeowner's or renter's insurance because they need to protect their investments in these significant assets. Many people never think about the need to protect what might be considered their most important asset- their ability to earn an income. That is the purpose of disability coverage.

**Disability plans provide partial income protection to employees unable to work as a result of disability due to sickness or injury.** Disability Management Services (DMS) offers managed short and long term disability coverage and administration to group clients with 100 or more employees.

Managing the costs of disability is essential in today's work place. For an employer, the cost of disability goes well beyond what it costs to offer a disability plan to its employees. Significant costs are sometimes overlooked such as:

- The expense of hiring and training replacement employees
- Reduced productivity
- Increased medical expenses
- Additional overtime hours
- Employee morale

DMS programs help employers manage these costs by assisting employees who are able to work get back to work as soon as possible. People need to feel a sense of purpose in their lives. They need to be productive. That is why at DMS, we believe it is imperative to identify the abilities of disabled employees and to do whatever is possible to help them use those abilities productively. Our benefit plans and our claim administration are designed to support the identification and redeployment of skills of temporarily disabled employees.

### **DMS Philosophy—Work is an integral part of life**

At Prudential, we believe that working together is the best way to manage disabilities. We work in partnership with our clients to prevent disabilities where possible and to minimize the duration of disabilities that do occur. Our managed disability plans are flexible, offering a variety of plan options and provisions in order to meet employer needs.

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EXHIBIT E



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